

WITNESS STATEMENT OF RONALD E. ROBERTSON

1. My name is Ronald E. Robertson. I am a retired attorney. Prior to my retirement, I held a variety of positions in private practice and public service. In the early 1980's, I was a partner in the law firm of Musick, Peeler & Garrett of Los Angeles, California. During this time, I also acted as Chief Counsel to the Reagan-Bush '84 campaign in Washington. After Ronald Reagan was elected for a second term in 1984, I became General Counsel for the Department of Health and Human Services (HHS). I stayed in that capacity until the end of the Reagan Administration, at which point I returned to California where I became Distinguished Visiting Professor at the Pepperdine School of Law in Malibu.

2. I was Chairman of the Board of Metalclad Corporation for approximately two years (from October of 1991 until September of 1993) and was an officer of the company. As such, I am aware of a number of the matters in issue in this arbitration.

1. *My introduction to Messrs. Kesler and Pearce and to Metalclad*

3. I first met Clyde Pearce in Washington, D.C. in 1984 when he came to secure a position with the Reagan campaign. I later learned that he had been a business partner of Grant Kesler's in Salt Lake City. He worked on the campaign and I eventually gave him a position with HHS and in 1985, I assisted him in obtaining a position as General Counsel with the General Services Administration.

4. It was Mr. Pearce who first mentioned Metalclad to me. In 1989 he told me that he was interested in organizing a group of investors to take over the company.

5. I understood that Metalclad's controlling shareholder at the time, Leland Sweetser, had let it be known to some investment bankers that he wanted to sell the company. Mr. Pearce was interested in developing an investor group to take it over and raised the idea with me. He thought that it had an interesting niche in the industrial insulation and asbestos abatement industries but it needed new management. At this time, there was no suggestion of focusing it on the Mexican hazardous waste industry. Metalclad had either lost money or broken even in recent years and I did not think that it was an interesting possibility at the time and said so.

2. *The Incorporation of Merchant House Financial Services Inc.*

6. Clyde Pearce introduced me to Grant Kesler 1990. My initial involvement with him was as a fellow shareholder in a small company called Merchant House Financial Services, Inc. which was incorporated in October of 1990. Merchant House was primarily intended to be an investment advisor/banking firm for a wealthy entrepreneur in California by the name of Terry Giles. Mr. Giles was a lawyer by training but he had also become a successful businessman. He, his colleague Ron Helm, Grant Kesler and I all subscribed to become shareholders in Merchant House and Mr. Kesler became President of the

company. I believe that Clyde Pearce was originally intended to be a shareholder as well, but he did not ultimately join as one.

7. I understood at the time that Mr. Kesler had run an investment house in Salt Lake City called the Paradigm Group and that he had been active in the real estate financing business.

3. *Mr. Kesler's Acquisition of Control of Metalclad*

8. At around the same time that Merchant House was established, it became known that Mr. Kesler was negotiating to acquire control of Metalclad for himself. I believe that he had entered into a letter agreement in September of 1990 (and at the end of February 1991, he entered into a formal share purchase agreement).
9. I had some limited initial involvement with Metalclad when Mr. Kesler made his share purchase. As part of the deal, the then-Chairman, Leland Sweetser, agreed to put his shares into a Voting Trust Agreement. At Mr. Kesler's request, I became one of the trustees.
10. At the time that the Voting Trust was established, I was aware that Mr. Kesler had borrowed funds from the Glaziers Union Pension Fund. I thought that Mr. Kesler beneficially owned the shares that he had purchased with the assistance of the loan.
11. I have been directed by counsel to the United Mexican States to the SEC filings of California Properties Fund, Inc. where the shares that Mr. Kesler purchased on February 28, 1991, are described as being jointly owned by Mr. Kesler and Mr. Daniel Neveau (Exhibit 1 to this statement). Although I became aware of the fact that Mr. Neveau had played some role in arranging the loan financing, I did not know of the existence of any private shareholding arrangement between Mr. Neveau and Mr. Kesler.
12. I have been shown a copy of a press release that Mr. Kesler issued announcing the Metalclad share purchase (Exhibit 2) where it is stated that Metalclad paid Merchant House a commission of \$170,000. It is true that a commission was paid to Merchant House, but nowhere near the amount reported. When we dissolved Merchant House, a liquidation dividend was paid out to the four founding shareholders. We had all contributed somewhere in the order of \$5000 and we received somewhere in the order of that amount when we dissolved the company. My recollection is that Metalclad may have paid Merchant House somewhere around \$30,000.
13. Later on, one of the other investors called me to ask about the \$170,000 figure that was reported. I asked Mr. Kesler about it but I never got a clear answer from him.

4. *The Origin of the Mexican Hazardous Waste Venture*

14. Mr. Kesler became aware of what would become Metalclad's first step into the Mexican hazardous waste business from Terry Douglas and Reed Warnick, two acquaintances of his from Salt Lake City. Both had worked for the engineering consulting firm Ford, Bacon & Davis. I was advised that Ford, Bacon & Davis had considered the possibility of a joint venture in Mexico with Jorge Hermosillo (a future shareholder of what would become Eco-Administracion) and Mr. Douglas and Mr. Warnick were convinced that there was a market for hazardous waste incinerating services.
15. Ford Bacon & Davis declined to pursue the opportunity. Douglas and Warnick subsequently left the company and pursued the opportunity themselves.
16. At this time, to my knowledge, Mr. Kesler had no previous experience in the hazardous waste disposal industry at all. Nor did I. However, given his background, he considered himself to be skilled at raising money.
17. In the spring of 1991, Warnick and Douglas visited our offices in Southern California, and elaborated upon their plans for the construction of a hazardous waste incinerator in San Luis Potosi. To the best of my recollection, Ron Helm may have attended one or two of the meetings but he did not share the excitement about the project's potential and decided not to participate in Environ Technologies, Inc. (ETI), a company that Douglas and Warnick incorporated in May 1991 with their wives. At this time, the project was viewed as a potential Merchant House project.
18. I understood that Jorge Hermosillo, the man who led the group of Mexican investors (whom I had not yet met), had worked with an investor from Texas who had decided to pull out of the project. Hermosillo needed to purchase a site which could be designated as the place at which the incinerator would be located (for permitting purposes) and needed additional funds for studies necessary to obtain the permits.
19. I have been directed by counsel for the United Mexican States to Mr. Kesler's claim in his first witness statement that Metalclad had done over "One Billion Dollars worth of environmental contracting". However, Metalclad was not a waste management company or a developer of environmental projects as such. Its only connection with environmental contracting experience was its asbestos abatement work which was not related to waste management or developing and operating hazardous waste facilities.
20. With respect to the projects in Mexico, I advocated that the best approach would be for Metalclad to enter into a joint venture with a larger company with experience in the area. In my view, Metalclad had neither the financial strength nor the experience necessary to fully undertake the project. For that reason, for much of the time that I was associated with Metalclad, I worked on identifying and negotiating with potential joint venture partners.

21. After Lee Deets joined the company in the summer of 1992, I tended to defer to his approach because of his apparent experience in developing similar businesses. However, I recall that, at the outset, he shared my view that we seek an experienced joint venture partner rather than go it alone.

5. *My Decision to Become Involved with ETI and Metalclad*

22. Mr. Kesler asked me whether I would be interested in becoming involved in the Mexican project (and later, Metalclad).
23. I was still teaching at Pepperdine University, but after the hectic pace of the Reagan Administration, I felt that I needed more of a challenge. I therefore decided to become a shareholder in ETI and on July 17, 1991, Mr. Kesler and I joined Reed Warnick and Terry Douglas as shareholders of ETI.
24. On July 26, 1991, Mr. Kesler and Mr. Warnick signed a Joint Venture Agreement to establish a Mexican company called Eco-Administracion. ETI was to hold a 49% interest in the new company.
25. I was not a signatory to the Agreement but I did come to know the four main Mexican investors, Jorge Hermosillo, Jaime de la Fuente, Jose Rodriguez, and Javier Campos.
26. On July 31, 1991, I joined the Board of Directors of Metalclad Corporation along with Daniel Neveau and Gordon Liddle.
27. Mr. Kesler originally proposed that Mr. Giles and Mr. Helm also become Board members. I believe that their names were listed on a proxy statement proposing the Board's candidates that was circulated to shareholders. However, both Giles and Helm had developed concerns about Mr. Kesler that I did not fully share at the time and they decided not to stand for election to the Board.
28. I understood that Gordon Liddle was a prominent businessman in Salt Lake City and that Dan Neveau had been involved in real estate development in California. I knew that he had had some kind of involvement with California Properties Fund but I did not know that he was acting as that company's President when he joined Metalclad's Board.
29. I did not know the full extent of Messrs. Kesler and Neveau's involvement in CPF. To the best of my recollection, their CPF positions were never disclosed to the Board or in Metalclad's SEC filings.
30. When I joined the company, I initially acted as Senior Vice President and later on in November 1991, after Mr. Sweetser resigned, became Chairman of the Board.

6. *The Creation of Eco-Administracion*

31. In accordance with the Joint Venture Agreement, the Mexican company, Eco-Administracion was incorporated on August 14, 1991 in San Luis Potosi. Mr. Manual Garcia Barragan, a Mexico City lawyer, was a legal advisor to ETI and attended the incorporation on ETI's behalf.
32. Mr. Garcia Barragan had been initially retained by Mr. Warnick to act for ETI. I was advised that Mr Garcia Barragan acted for the Mormon Church in Mexico. Mr. Warnick, himself a Mormon, contacted the church's general counsel and asked who they used in Mexico. As I recall, he was referred to several attorneys in Mexico City, including Mr. Garcia Barragan.

7. *The Financial Accounting for Eco-Administracion*

33. I also took steps when Eco-Administracion was established to ensure that proper accounting records were set up. Jorge Hermosillo and I found an accounting firm in San Luis Potosi that had an affiliation with Price Waterhouse. I wanted to ensure that the books were done properly. As far as I could see, Jorge Hermosillo agreed fully with my concern.

8. *Eco-Administracion's Banking Arrangements*

35. As part of the Joint Venture Agreement, the financing of Eco-Administracion (and the other Mexican affiliates as they came along) was to be obtained by the American Group. Bank accounts were set up in San Luis Potosi but to the best of my knowledge no credit facility was established there. The subsidiaries were therefore dependent upon funds being advanced from the United States. Metalclad would regularly wire funds to its accounts in San Luis Potosi.
36. To the best of my recollection, this relationship did not change at any time while I was associated with Metalclad.

9. *The Subsequent Acquisition of ETI By Metalclad*

37. In October of 1991, I became Chairman of the Board of Metalclad. Frankly, I did not want to become Chairman, but Mr. Kesler requested that I do so.
38. On November 20, 1991, Metalclad acquired ETI and through it, the 49% interest in Eco-Administracion.
39. After the incorporation of Eco-Administracion, problems soon developed between the Mexicans and Douglas and Warnick. The latter initially acted as the principal contacts with the Mexicans and I found that I was frequently called upon to try to mediate their

differences and to straighten things out. It did not take long for Mr. Kesler to state to me that Warnick and Douglas should be removed from the project.

40. The decision to have Metalclad enter the Mexican project amounted to a completely new venture for Metalclad and for those of us who became associated with it.
41. I fully supported Metalclad's venture into this Mexican project. I thought that the Mexican project had potential and that Metalclad could engage in a "lash-up" of the project by forming a joint venture with an experienced and well-capitalized waste management company. Throughout my time with Metalclad, I spent considerable time and resources trying to find such a suitable joint venture partner.

10. *The MMT Agreement*

42. In late 1991, Mr. Kesler became enamoured with the possibility of using "catalytic extraction processing" technology that was being developed by Molten Metal Technologies (MMT) of Massachusetts.
43. He stated that he believed that this technology was superior to that proposed by Douglas, Warnick, and Hermosillo, all of whom supported the use of the proven rotary slagging kiln at Santa Maria del Rio.
44. Counsel for Mexico has shown me a copy of Mr. Kesler's letter to Mr. Hermosillo dated December 6, 1990 (Exhibit 3). I was aware that Mr. Kesler wanted to enter into an agreement with Molten Metal for Santa Maria del Rio, but I was unaware of this letter and his suggestion that he and Hermosillo should enter into a separate agreement.
45. I have been shown a copy of a second letter from Mr. Kesler to Mr. Hermosillo in which he outlines the idea of a new corporation to hold the licensing rights for MMT's technology in Mexico (Exhibit 4). I note that Mr. Kesler states that: "Pursuant to your request, Ron Robertson has reviewed this letter and confirms his agreement with and approval of its terms."
46. I have no recollection of reviewing this letter or approving of its terms. I did not even know of the existence of the second MMT agreement until some time later.
47. In any event, Metalclad's relationship with Molten Metal did not stay positive for very long. The technology was not as well developed as they had represented to Metalclad and we were not paying their bills for the market studies that they were undertaking. I recall that prior to entering into the Eco-Administracion/MMT agreement, I had heard that MMT had a working prototype in operation somewhere. I had urged that we visit the site and inspect it. Jorge Hermosillo advised me that there was a demonstration for investors at a location in Houston and that, in his view, it was a failure.

48. By October of 1992, the relationship with Molten Metal was essentially over. However, Mr. Kesler continued to speak of the possibility of using MMT's catalytic extraction processing technology in a later phase of the development of the hazardous waste incinerator.

11. *The Announcements in Late 1991-Early 1992*

50. Counsel for the United Mexican States have asked me to comment on the press conference that was held at the National Press Club in Washington D.C. at which the Eco-Administracion initiative was discussed. I had used my contacts in Washington to organize the event.
51. At that event, Mr. Kesler stated that San Luis Potosi was the first of 10 plants planned for Mexico.
52. Mr. Kesler also announced that we had "almost secured \$250 million in financing from Chase Manhattan Bank".
53. It is true that the company had put a proposal before the bank. I along with Mr. Kesler had worked with a Beverly Hills-based investment bank called Euro American Financial Corp. to put the proposal forward to the bank. Euro American submitted the proposal to Chase Manhattan in very broad conceptual form and got an initial favorable response. The bank said that this type of project was something that it might very well be interested in pursuing, assuming that the company met its lending requirements.
54. I recall receiving a lengthy document from the bank which we were required to complete. This was the next step in the process. It was clear that in addition to having to provide large volumes of information at some cost to Metalclad, if the bank was to become involved, it was going to insist on assuming considerable control. Moreover, Mr. Kesler concluded that the financing terms were unattractive. Mr. Kesler then suggested that the Chase Manhattan Bank financing not be pursued for the time being.
55. Mr. Kesler's decision with respect to this initiative was typical of several proposed financings and joint ventures. These included Hughes Environmental Systems, Inc., McEwan & Shanks (a U.K. - based operator of hazardous waste facilities), Enasco, and Amoco. All were companies with whom I and other officers of Metalclad negotiated with a view to securing the access to capital and industry-specific expertise that Lee Deets and I believed Metalclad needed to develop hazardous waste facilities in Mexico.
56. Our January press conference on Eco-Administracion was followed by announcements of two more joint ventures to build hazardous waste treatment facilities at Veracruz and Tamaulipas. Both companies, Descontaminadora Industrial de Veracruz, and Eliminacion de Contaminantes Industriales, were also going to use MMT's CEP technology.

12. *My Initial Doubts*

57. During this time, although I was developing misgivings about Mr. Kesler's way of doing business, I thought that the Mexican hazardous waste business had great potential. The environmental issue was front page news because of the NAFTA negotiations and there was considerable interest in a company that had big plans for Mexico.
58. As 1992 went on, however, I began to find that I would be asked to edit press releases, SEC filings, and so on, but after I made substantial edits, they would be ignored. I also found that I was more and more "out of the loop" as to what was really going on in the company.

13. *The Company's Financial Problems*

59. During 1992, Metalclad had serious financial problems. The company's bank, City National Bank, informed us in May that it intended to cut the existing credit facility. In addition, much larger losses were being generated. (By the end of September of that year, for example, the company's working capital was \$(678,000) as compared to \$1,215,000 the previous year. See Exhibit 5.)
60. During 1992, Metalclad sought to move up from its investment banker, Dickinson & Co. to what we considered to be a more prestigious firm. The Florida-based firm, Raymond Jones & Associates was approached. They did a lot of due diligence. Eventually they declined to do business with Metalclad. I was told by one of their people that they were concerned about the origins and circumstances surrounding Mr. Kesler's loan from the Glaziers Union Pension Fund. This only served to increase my concern about my involvement with the company.

14. *My Disengagement From the Company Begins*

61. In November of 1992, Dan Neveau also became a Senior Vice President. I remained an officer of the company until my formal resignation approximately seven months later. In the latter part of 1992, I had concluded that I did not have a clear understanding of what Mr. Kesler was doing with the company.
62. By early 1993, I felt that I could not remain associated with the company and that I had to leave. However, I also wanted to find a way of severing my connection with the company that would both remunerate me for my efforts on its behalf and provide protection from legal liability, if at all possible. This was a very stressful time for both me and my wife. I was extremely concerned about what was being done in the company's name.

15. *The COTERIN Deal*

63. To the best of my recollection, the first that I heard of the COTERIN/La Pedrera project was in early 1993. At this point, the Santa Maria del Rio incinerator was still the company's main focus as far as I was concerned.
64. On or about April 23, 1993, Metalclad entered into an option to purchase COTERIN. I was surprised to be asked to sign this option agreement because I had been out of the loop for several months and had not been involved in this deal. However, on the theory that there is little harm in getting an option (as opposed to giving one) I had no problem signing it on behalf of the company at the request of management.

16. *The Dispute With Hermosillo*

65. In late 1992-early 1993, as Metalclad was concluding its strategy of acquiring 100% of the shares of Eco-Administracion and the other two Mexican affiliates, a major dispute erupted between Mr. Kesler and Mr. Hermosillo. To the best of my recollection, Mr. Kesler wanted Mr. Hermosillo to sell his shares in the Mexican companies in exchange for Metalclad shares and an employment contract, but Mr. Hermosillo refused or at least balked at the terms.
66. I also recall that Mr. Hermosillo commenced a law suit against Eco-Metalclad complaining about a shareholders meeting of Eco-Administracion at which certain decisions had been taken.
67. I do recall a letter being sent to Mr. Hermosillo by Bruce Haglund inviting him to attend a Board meeting to explain his actions. I do not recall whether we ended up actually having such a meeting.
68. I also recall that Mr. Kesler began to accuse Mr. Hermosillo of embezzling company funds. I remember being surprised by the accusation. I liked Jorge and I would not have expected him to embezzle funds from the company.
69. I remember recommending that Mr. Garcia Barragan be instructed to investigate the allegations and if necessary to deal with the problem.
70. I should point out to the Tribunal that I thought that I was the principal person through whom Mr. Garcia Barragan received his instructions from the company. Having reviewed various documents in evidence in this arbitration, I now realize that this was not the case.
71. In December 1992, on Mr. Kesler's instructions, Mr. Garcia Barragan expelled Mr. Hermosillo from the company's offices in San Luis Potosi. Mr. Hermosillo, who still owned shares in the Mexican companies, was later forced to sign a settlement agreement whereby he tendered his shares in all of the Mexican companies to Metalclad.

72. Once Mr. Hermosillo was expelled from the company, the only remaining Mexican shareholder of whom I was aware was Jose Rodriguez.
73. He stayed on as a member of the Board but I have been advised that he had a disagreement with Mr. Kesler over the company's failure to honor its share purchase agreement with him and I am informed that he left the Board at the end of 1993.

17. *The June 11, 1993 Meeting With Governor Sanchez Unzueta*

74. I understand that one of the issues before the Tribunal concerns a meeting that occurred between Governor Horacio Sanchez Unzueta and Metalclad representatives on June 11, 1993. I attended the meeting on Metalclad's behalf. I recall that I was surprised to be asked by Mr. Kesler to attend the meeting as I was effectively "out of the loop" in terms of developments in the company and I believe that he understood that I wanted to sever my relationship with Metalclad.
75. I was of course aware at the time of the June 11th meeting that Metalclad had entered into an option to purchase COTERIN as I was the officer who signed the option agreement on Metalclad's behalf and I was aware that the Company was doing its due diligence on the acquisition.
76. Although I was not actively involved in the COTERIN deal, I did discuss its merits with other Metalclad personnel on occasion. We were aware of the municipal permit issue and that there may be some local opposition. I recall Mr. Fahs and Mr. Deets asking my advice on how to structure the purchase agreement to address the permit issue. We were also aware that allegations had been made that the owners of COTERIN may have contaminated the site. I recall discussing this with Mr. Deets and asking him how much it would cost to clean up a site like this if that had to be done. In response, he said, "You don't want to know".
77. To the best of my knowledge, the meeting with the Governor was arranged by Humberto Rodarte Ramon, or at least he took credit for arranging it. Mr. Rodarte Ramon apparently prevailed on a friend who was the outgoing or acting state environment official to arrange the meeting with the new Governor. I have been asked by counsel whether this individual was Dr. Fernando Diaz Barriga. I do not recall his name. I only remember that he was either the departing state environmental official from the previous administration, or that he was serving as the head environmental official on a *pro tem* basis. In any case, he was apparently acquainted with Mr. Rodarte Ramon.
78. Prior to the meeting with the Governor, either during the evening of June 10th or on the morning of June 11th, there was a discussion about the logistics of the meeting. This included a discussion about presenting a letter for the Governor's signature. Although I had no involvement in the preparation of the letter, I understood its purpose was to enable Metalclad and Dickinson & Company to show broker-dealers that Metalclad officials had met with the new Governor and had been favorably received.

79. I have been asked by counsel whether the Governor was shown any maps, plans, photographs or similar documents. To the best of my recollection, representatives of the company intended to provide some documents to the environmental staffer. I do not know whether they actually did so or not. I do not recall any documents being presented to the Governor himself, other than a copy of the company's latest annual report and 10K which I presented to him. I do not recall any other documents being shown or given to him in my presence.
80. The meeting with the Governor began in English. The Governor was accompanied by one or two staffers. I recall that, after the introductions were completed, the Governor made a remark or apology to the effect that he had just taken office and that he and his staff were working hard to get up to speed on the affairs of the state government. After that, we congratulated the Governor on his election to office and I gave a short statement on behalf of the company. Thereafter, the meeting was conducted in Spanish, with partial translation into English.
81. I believe that Mr. Rodarte did most of the talking for the Metalclad delegation. He may have made the point that the federal government supported Metalclad's efforts to establish hazardous waste recycling and disposal facilities in Mexico. I was also advised that there was a discussion about the company's desire to participate in the Governor's environmental program, which included the establishment of an industrial park that would include hazardous waste recycling and disposal facility.
82. As the meeting was partly in Spanish, I cannot say with any certainty the extent to which the COTERIN acquisition or the Santa Maria del Rio incinerator project were discussed. Based upon the fact that the Governor had just come into office and the fact that this was our first meeting with the Governor, I feel it would have been premature to conclude that the Governor had agreed to give his personal support to the company's plan to establish a landfill at La Pedrera, or its plan to build an incinerator at Santa Maria del Rio.
83. To the best of my recollection, the meeting lasted approximately thirty minutes. I perceived it to be a "getting to know you" session and nothing more. To my mind, given the context of this meeting, it is unrealistic to think that the Governor would have been in a position to give Metalclad his personal approval for any particular project or his agreement to support Metalclad in any particular project. Rather, it seemed to me that we had succeeded in conveying a positive image in introducing the company to the Governor and in establishing the basis of a relationship the company could build on during his tenure in office.
84. I should add that during my years as General Counsel of American Cement and as General Counsel of the Department of Health and Human Services, I attended many meetings of the type that we had with Governor Sanchez Unzueta, in some cases as the party seeking to establish good relations with a government entity and in other cases as the party being courted. I have no hesitation in saying that the meeting of June 11, 1993 was typical of that kind of introductory courtesy meeting. To the best of my knowledge, it was not a

meeting that was represented by or to anyone in attendance as being intended to secure the administration's ultimate approval of either or both of the company's highly technical and possibly controversial projects.

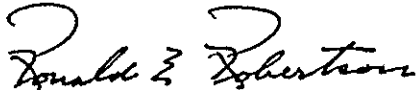
18. *My Departure From the Company*

85. Shortly after I returned from San Luis Potosi, I met with Mr. Glenn Cushman (a friend of Mr. Kesler's who worked at Metalclad's investment banking firm, Dickinson & Co.) at his request. Mr. Cushman informed me that he was speaking for Grant Kesler and that it was time for me to leave the company. The next day, I cleaned out my office and left a note with Mr. Kesler's secretary, Becky Romney, stating that I had been discharged but that I was not resigning my position.
86. About a week later Mr. Haglund contacted me and advised that Mr. Kesler wanted to make a gradual "pay-out" and wanted me to stay on as some kind of "Chairman emeritus". I declined the offer.
87. I retained legal counsel, Ms. Susan Liebler of Irell and Manella, to act on my behalf and she began to negotiate the terms of my departure.
88. She initially viewed the severance negotiation as a straightforward employment contract issue. It did not take long for her to realize that it was far more complex than that.
89. In addition to the payment of compensation, Ms. Liebler insisted that I receive very broad rights of indemnification from the company.
90. Finally, she insisted that an SEC filing that the company had made which stated that I had signed an original, be withdrawn by the company and re-filed with my signature line left unsigned.
91. As I mentioned above, although I did not formally depart from the company until September 23, 1993, when the Board approved my severance agreement, I virtually ceased attending the company's offices after my meeting with Mr. Cushman. I did not have any involvement in the final structuring of the COTERIN deal or in the Board's consideration and approval of the acquisition.

19. *Reasons For My Departure*

92. One of the reasons I wanted to leave the company was because of numerous differences with Mr. Kesler and Mr. Neveau over the way in which the company was being run. I was disturbed by the way in which things were being done, particularly the fact that Mr. Kesler and Mr. Neveau seemed to be acting in the company's name without fully informing me or other members of the Board of Directors. I was not the only Board member to have these worries.

93. I found that for much of my time with Metalclad, if not all of it, Mr. Kesler kept me uninformed of many matters. In my view, this was intentional.
94. After I formally resigned from the Board of Directors I did not have any contact with the company thereafter.
95. I make this statement aware that I may be called to testify as to its contents and that I may be cross-examined upon it. I affirm that the contents of the statement are true and that, where I have referred to matters of events in which I did not personally participate, that I have testified to the full extent of my information and belief.

Signed: 

Ronald E. Robertson,

February 26, 1999,

Portland, Oregon
